

TESTIMONY OF

**ROGER C. VIADERO
INSPECTOR GENERAL
U.S. DEPARTMENT OF AGRICULTURE**

Before the

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE
SUBCOMMITTEE
ON DEPARTMENT OPERATIONS,
OVERSIGHT, NUTRITION, AND FORESTRY**

ON

**THE URBAN RESOURCES PARTNERSHIP PROGRAM
OF THE DEPARTMENT OF AGRICULTURE**

SEPTEMBER 20, 2000

Thank you, Mr. Chairman and members of the Committee. I am pleased to be here to provide testimony about the Department of Agriculture's Urban Resources Partnership (URP) Program.

The Department initiated the URP program in FY 1994. The Under Secretary for Natural Resources and Environment established URP to work directly with local people on natural resource related projects in urban areas. USDA expenditures for URP totaled \$20.3 million in 13 cities/areas through FY 1999.

The prescribed process for implementing a Federal financial assistance program was not followed for URP, as it was initiated without specific statutory authority or Congressional appropriations. The program was financed using funds appropriated for other existing FS and NRCS programs. Further, regulations were not promulgated in the Federal Register to publicize the objectives and requirements of the program.

In July 1999, OGC determined that there was no authorizing legislation for URP and concluded that FS and NRCS had limited authority to provide assistance under the URP program. OGC stated that the lack of specific authorizing legislation for URP limited NRCS' ability to provide funds to activities involving soil erosion prevention. NRCS officials had cited the Soil and Water Resources Conservation Act of 1977 as the authority for funding URP; however, Congress did not appropriate funds for activities to carry out this Act during FY's 1994 through 1999. OGC also stated that the FS had broader authority to fund URP projects under the Cooperative Forestry Assistance Act, but such authority was limited to assistance involving trees, forest cover, shrubs, and associated natural resources.

We noted a number of other specific problems. Cities/areas were not selected to participate in URP on a competitive basis. Criteria used to select cities/areas included, but were not limited to, political support, strength of Congressional delegation, diversity of population, and potential for Federal agency funding from existing programs.

Also, URP recipients did not always use funds to meet the purposes of the applicable statutes from which the appropriated funds were obtained. Of 156 URP awards reviewed, totaling \$4.4 million in four cities/areas, we found that 131 awards for \$3.4 million did not meet the purposes of one or more FS and/or NRCS statutes (e.g., soil erosion, tree planting) from which the awards were funded. Therefore, these awards should not have been made. For example, in one case in Los Angeles, \$4,500 provided by NRCS was used to pay artists to paint wall murals. (see exhibit).

In addition, the program did not include controls to ensure that award funds were used in accordance with applicable Federal regulations. Members of local steering committees frequently had little or no prior experience in managing Federal programs. As a result, USDA and OMB grant regulations were not adhered to and recipients claimed unallowable rates for personnel and equipment. Thus over \$474,000 of their claims is subject to recovery.

We recommended all URP grants be reviewed to determine their legal authority and fulfillment of purposes under the applicable statutes, and that a strategy be developed to resolve all issues. We also recommended that the Department publish applicable requirements and procedures for the URP program in the Federal Register and establish control procedures at the Under Secretary level to ensure that all program initiatives be forwarded to OGC for review prior to implementation.

In response to our recommendations, the Under Secretary for Natural Resources and Environment requested a clarifying opinion from the OGC regarding its July 1999 opinion in which it determined there was no authorizing legislation for URP. OGC's clarification stated that the Secretary has broad authority to undertake soil and water conservation measures relating to soil erosion; however, the agency must ensure that any proposed URP activity falls within the scope of that authority. Based on the OGC clarification, the Under Secretary believes that the FS and NRCS have sufficient legal authority to undertake the activities conducted under URP.

However, the General Counsel's clarification made it clear that URP projects funded by NRCS through the Soil Conservation and Domestic Allotment Act must relate to soil erosion prevention. Projects such as painting wall murals, transportation, and bringing civil lawsuits against owners of derelict properties to force demolition or rehabilitation of structures have no linkage to such programs and, therefore, funds from appropriations for such programs may not be used to fund these activities.

We have been unable to reach agreement with the Under Secretary and the Chiefs of NRCS and FS on any of the actions needed to resolve the issues addressed in our report. We have provided detailed information to the Under Secretary describing the specific actions needed to resolve each of our recommendations. To date, we have not received any communication from the Under Secretary that such actions have been or will be taken.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or other members of the Committee may have.